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10/597,882	08/10/2006	Barry Finkelstein	MLCO-P-006-NP	7400
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EXAMINER				
BAIRD, EDWARD J				
ART UNIT		PAPER NUMBER		
3695				
NOTIFICATION DATE		DELIVERY MODE		
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary

Application No.

10/597,882

Applicant(s)

FINKELSTEIN ET AL.

Examiner

Ed Baird

Art Unit

3695

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 10 August 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-81 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-81 is/are rejected.
- 7) ☒ Claim(s) 1-81 is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SE/US)
Paper No(s)/Mail Date 30 January 2007
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Claims 1 – 81 are pending in this application. Claims 1 – 81 are rejected under 35 USC § 112, 2nd paragraph, 101, double patenting, and 103(a).

Claim Objections

1. The claims are objected to because the lines are crowded too closely together, making reading difficult. Substitute claims with lines one and one-half or double spaced on good quality paper are required. See 37 CFR 1.52(b).
2. **Claim 36** is objected to because of the following informalities: the term "at least five y ears" should be written "at least five years". Appropriate correction is required.
3. **Claim 44** is objected to under 37 CFR 1.75(c) as being in improper form because it is a multiple dependent claim. Multiple dependent claims are only allowed in the alternative form (e.g. The method of claim 56 or claim 28 . . .). The claim as written depends upon both claims 56 and 28. See MPEP § 608.01(n). Accordingly, claim 44 is not been further treated on the merits.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
5. Claims 1 – 3, 5, 6, 10, 15, 17, 19, 20, 28, 30, 32, 33, 37, 44, 46, 48, 50, 51, 55, 64, 66, 68, 69 and 73 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Art Unit: 3695

6. **Claims 1, 15, 28, 46, and 64** recite the term "linked to the credit of the sponsor".

The concept of linking is vague because it does not decisively state whether the function allowed is actually performed; the metes and bounds of the claim are not clearly set out.

For the purposes of examination, the term "linked to the credit of the sponsor" will be interpreted as being not further limiting. Appropriate correction is required.

7. **Claims 1, 10, 15, 37, 55 and 73** recite the term "obligating". The concept of obligating is vague because it does not decisively state whether the function allowed is actually performed; the metes and bounds of the claim are not clearly set out.

For the purposes of examination, the term "obligating" and subsequent related language will be interpreted as being not further limiting. Appropriate correction is required.

8. **Claims 15, 28, 46, and 64** recite the term "obligated to sell/ provide/ transfer, etc". The concept of "being obligated" is vague because it does not decisively state whether the function allowed is actually performed; the metes and bounds of the claim are not clearly set out.

For the purposes of examination, the term "obligated to" and subsequent related language will be interpreted as being not further limiting. Appropriate correction is required.

9. **Claim 1** recites the term "arranging for the first trust to sell securities". The concept of arranging is vague because it does not decisively state whether the function allowed is actually performed; the metes and bounds of the claim are not clearly set out.

For the purposes of examination, the term "arranging for the first trust to sell securities" will be interpreted as being not further limiting. Appropriate correction is required.

Art Unit: 3695

10. **Claims 1, 3, 15, 17, 28, 30, 46, 48, 64, and 66** recite the term "with respect to" a sponsor, directors and officers, and/ or a first and second trust. The concept "with respect to" is vague because it does not decisively state the connection to the object of the preposition (i.e. a sponsor, directors and officers, and a first and second trust); the metes and bounds of the claim are not clearly set out.

For the purposes of examination, the terms "with respect to" and subsequent related language will be interpreted as being not further limiting. Appropriate correction is required.

11. **Claims 2, 17, 30, 48, and 66** recite the limitation "if the first interval passes in the absence of a credit event with respect to the sponsor". This is a conditional limitation such that if the condition does not hold true, no limitation is claimed.

For the purposes of examination, the terms "if the first interval passes in the absence of a credit event with respect to the sponsor" and subsequent related language will be interpreted as being not further limiting. Appropriate correction is required.

12. **Claims 5, 6, 19, 20, 32, 33, 50, 51, 68, and 69** recite term "of the value". There is insufficient antecedent basis for "the value" in the claim. It is not clear to the Examiner if the Applicant is referring to the "first value", or some other value.

For the purposes of examination, the will be interpreted as being not further limiting. Appropriate correction is required.

13. **Claim 44** is rejected because it refers to both claims 56 and claim 28 but not in the alternative form. The Examiner is unclear what the Applicant is trying to claim.

For the purposes of examination, the claim will be interpreted as being not further limiting. Appropriate correction is required.

Claim Rejections - 35 USC § 101

14. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

15. Claims 1 – 81 are directed to non-statutory subject matter.

16. **Claims 1 - 81**, method claims, are rejected under 35 U.S.C. §101 because, in order to comply with §101 a process/ method must (1) be tied to a particular machine or apparatus, or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.

The methods recited in the claims fail to (1) be tied to a particular machine or apparatus, or (2) transform underlying subject matter to a different state or thing.

Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972).

There is no recitation within the claims to indicate that the steps that comprise the method are nothing but mental steps performed within the mind of a person. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

17. **Claims 1 – 81** are also rejected under 35 U.S.C. §101 because, although they claim a *method* as such, they are directed to a “contract” which is not one of the four statutory classes (i.e. a “contract” is neither a process, machine, manufacture, nor composition of matter).

Double Patenting

18. A rejection based on double patenting of the "same invention" type finds its support in the language of 35 U.S.C. 101 which states that "whoever invents or discovers any new and useful process ... may obtain a patent therefor ..." (Emphasis added). Thus, the term "same invention," in this context, means an invention drawn to identical subject matter. See *Miller v. Eagle Mfg. Co.*, 151 U.S. 186 (1894); *In re Ockert*, 245 F.2d 467, 114 USPQ 330 (CCPA 1957); and *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970).

19. A statutory type (35 U.S.C. 101) double patenting rejection can be overcome by canceling or amending the conflicting claims so they are no longer coextensive in scope. The filing of a terminal disclaimer cannot overcome a double patenting rejection based upon 35 U.S.C. 101.

20. Claims 1 – 81 are provisionally rejected under 35 U.S.C. 101 as claiming the same invention as that of claims 1- 81 of copending Application No. 10/711,810. This is a provisional double patenting rejection since the conflicting claims have not in fact been patented.

Claim Rejections - 35 USC § 103

21. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Art Unit: 3695

22. Claims 1 – 6, 10 – 20, 24 – 33, 37 – 51, 55 – 69, and 73 – 81 are rejected under 35 U.S.C. 103(a) as being unpatentable over **Ball** (US Patent No. 6,278,983) in view of **Ross** (US Pub. No. 2003/0009406).

23. Regarding **claim 1**, **Ball** teaches:

- establishing a first and second trust [see at least column 2 line 1 – 10] – Examiner interprets first invested account and second uninvested account as analogous to Applicant's trust accounts;
- arranging for the first trust to sell securities [see at least column 2 lines 11 – 28];
- obligating the first trust to transfer a first portion of the first value to the second trust in the event of a credit event [see at least column 4 lines 42 – 49, column 5 lines 18 – 61];

Ball does not explicitly disclose:

- in the event of the credit event, obligating the second trust to provide indemnification and defense services for the directors and officers, the indemnification and defense services paid for by the first portion of the first value.

However, **Ross** teaches a method for conducting a transaction by setting an initial yield for an obligation issued by an issuer [0006]. He further discloses offering a trustee a reasonable indemnity against costs and liabilities [see at least 0204].

Therefore, it would have been obvious to one having ordinary skill in the art at the time of the instant invention to modify **Ball's** disclosure to include *indemnification to trustees* as taught by **Ross** because doing so offers protection to trustees in the event of default [**Ross** 0201 – 0204].

Art Unit: 3695

24. Regarding **claims 15, 28, 46, and 64** are substantially equivalent to claim 1 in that **Ross** teaches:

- transferring second value from the sponsor to the first trust, said second value selected to induce sale of the securities (claim 15)
- by an director or officer, receiving indemnification and defense services from the second trust, the indemnification and defense services paid for by the first portion of the first value (claim 28);
- by an director or officer, making a claim for indemnification and defense services from the second trust, the indemnification and defense services paid for by the first portion of the first value (claim 46);
- managing indemnification and defense claims from directors or officers made with respect to indemnification and defense services from the second trust, the indemnification and defense services paid for by the first portion of the first value (claim 64)

as discussed above in the rejection of claim 1. In turn, these claims are rejected for the same reasons.

25. Regarding **claims 2, 16, 29, 47, and 65**, **Ross** teaches:

- the credit event is bankruptcy of the sponsor [see at least 0189 – 0194]

In turn, these claims are rejected for the same reasons as the claims on which they depend.

26. **Claims 3, 4, 17, 18, 30, 31, 48, 49, 66, and 67** are not further limiting to the claims upon which they depend. In turn, these claims are rejected for the same reasons.

27. Regarding **claims 5, 6, 19, 20, 32, 33, 50, 51, 68, and 69**, **Ball** teaches:

- second portion of the first value comprises more than half of the value, and

Art Unit: 3695

- second portion of the first value comprises at least two-thirds of the value [see at least column 2 lines 28 - 52] – Examiner notes that **Ball** exemplifies different percentages distributions based on different scenarios.

28. Regarding claims **10 – 14, 24 – 27, 37 – 45, 55 – 63, and 73 – 81**, the limitations including:

- provision of the indemnification and defense services to a charity.
- second value selected to induce sale of the securities
- repletion of steps
- indemnification and defense services comprise legal defense.
- indemnification and defense services comprise payment of claims.
- indemnification and defense services comprise payment of monies in settlement of claims.
- the first later time is a year later, and the second later time is a year after the first later time.

are statements of intended use. Such statements render the claims not further limiting.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) "adapted to" or "adapted for" clauses,

Art Unit: 3695

(C) "wherein" clauses, or

(D) "whereby" clauses.

This list of examples is not intended to be exhaustive. See also MPEP § 2111.04.

29. Claims 7 - 9, 21 - 23, 34 - 36, 52 - 54, and 70 - 72 are rejected under 35 U.S.C. 103(a) as being unpatentable over **Ball** in view of **Ross** in further view of **Official Notice**.

30. Regarding **claims 7 - 9, 21 - 23, 34 - 36, 52 - 54, and 70 - 72**, neither **Ball** nor **Ross** explicitly teaches:

- the first interval is an interval greater than one year.
- the first interval is an interval of at least three years.
- the first interval is an interval of at least five years.

However, Examiner takes **Official Notice** that one having ordinary skill in the art at the time of the instant invention would be aware of that fund transfers would be made over a period of years as related to the yield period of some obligations such as warrants. Warrants, usually issued along with a bond or preferred stock, entitle the holder to buy a specific amount of securities at a specific price, usually above the current market price at the time of issuance, for an extended period, anywhere from a few years to forever. Such practice is common place in investment practices.

Art Unit: 3695

Conclusion

31. The prior art of record and not relied upon is considered pertinent to Applicant's disclosure:

- **Sugahara:** "Method for structuring a transaction", (US Patent No. 7,310,616).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ed Baird whose telephone number is (571)270-3330.

The examiner can normally be reached on Monday - Thursday 7:30 am - 5:00 pm Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles R. Kyle can be reached on 571-272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Ed Baird/
Examiner, Art Unit 3695

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695